Cornell University
Cornell Modern Indonesia Project

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Introduction To Resolution #6 on Divestment: Last month, at a debate on Cornell divestment from fossil fuel companies, sponsored by Cornell's Student Assembly, both of the faculty speakers (from the Earth Sciences Department) arguing against divestment admitted their acceptance of the significance of anthropogenic causes of climate change and the dangers that climate change present.

When we hear that both those for and those against divestment are convinced of the threat that climate change poses to the earth as we know it, then we realize that there is agreement among them to most of the Whereas's of our divestment resolution. That leaves us to consider the three Whereas's (lines 42-46, 47-52, and 66-68) and the first resolved (lines 83-86) in the resolution that concern the financial implications of divestment. The University Assembly invited the Cornell administration to present its position on the entire resolution and the university administration chose to have two members of the Cornell Investment Office give their response. Apparently the administration also regards the financial side as the central area of debate. And, as this divestment resolution notes in lines 58-60, in Cornell's Climate Action Plan for carbon neutrality by 2035, the Cornell administration, and Cornell trustees who ratified the plan, accept the scientific and moral imperative of acting to combat climate change.

Bearing in mind that the financial side of this resolution is what is debatable here, in mid-March, more than a month ago now, we asked the Cornell investment office to give the UA an outline of their arguments against divestment and to give supporting documents for their arguments in enough time for all University Assembly members to read them. The investment officers have sent us nothing. From the beginning of this process, we, the divestment resolution sponsors have included references to supporting documents for the points we have made. One of our supporting documents discusses the financial side of divestment. It is called "Financial Implications of... Cornell Investment and Divestment Strategies for a Sustainable Future". This document has been available on the UA website for over one month. It was prepared as support for the Cornell faculty senate resolution on divestment that was overwhelmingly endorsed by the full faculty senate over a year ago. The compelling arguments in this document supporting the financial benefits of divestment have only grown stronger in the past year. We can only conclude that if Cornell had divested a year ago when the assemblies and senate suggested that they do so, the university would be in a better place financially than it is now. In the past year, since this document was written, Cornell's administration has said that it did not want to take what it called "the financial risk" that the investment office claimed they would be taking by divestment. The authors of the divestment document I mentioned above had estimated that, based on long-term prior performance, "full divestment would add about .04% in expected annual 'fluctuation' (roughly $2M/yr) with no net expected change." And that assumed no devaluation in fossil fuel reserves. The bottom line of this calculation was that the risk of divestment a year ago was minimal. And, in fact, in the past 12 months, the energy sector has dropped 12% while the overall stock marked has gained 12%. Roughly speaking that means that our publicly marketed energy investments (the ones that an original UA resolution – which never saw the light -- wanted to divest from a year ago) lost Cornell's endowment about $42M. The "private partnership" energy component (6% of the endowment), which you might hear about from the anti-divestment speakers today, probably lost Cornell's endowment an additional twice that amount, since there is probably heavy investment in fossil fuel exploration, which really tanked in the past year.

As I said earlier, we, the sponsors of this resolution, asked the university investment officers who will speak today to provide sufficient financial data to address the particulars of our UA resolution: we asked them not to speak with general descriptions of divestment risk or the nature of the endowment structure. These general areas of discussion are not pertinent to the specific terms articulated in the resolution. We asked them NOT to advance arguments that are based on their misconception of the resolution or confusion of it with prior resolutions from Cornell assemblies and the Faculty Senate. To be specific, Resolution #6 makes clear and well-defined terms for divestment: that Cornell divest from companies holding the largest fossil fuel reserves on an approximately linear schedule aimed at complete divestment by no later than December 31, 2035" (lines 83-86 of our resolution). It behooves those opposed to divestment on financial grounds to speak clearly and concretely, with numbers and simple calculations of their estimates of risk pertinent to the terms of the resolution. This is a simple and appropriate request.

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